Supreme Court, U.S
FILED
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No. 93-197

In The

Supreme Court of the United States

October Term, 1993

VENTECH EQUIPMENT, INC.,

Petitioner,

versus

SECRETARY OF DEPARTMENT OF REVENUE AND TAXATION,

Respondent.

Petition For Writ Of Certiorari To The Supreme Court Of The State Of Louisiana

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

1) Whether the Tax Injunction Act expresses the Federal government's regard for independence of state government, by recognizing that a plain, speedy, and efficient remedy exists under state law for the collection or levy of a state sales tax, assessed against a taxpayer where it was determined that the transaction is taxable.

LIST OF ALL PARTIES

The Louisiana Department of Revenue and Taxation
Ventech Equipment, Inc.

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STATUTORY PROVISIONS INVOLVED

L.S.A. Revised Statute 47:306A(5)

§ 306. Returns and payment of tax, penalty for absorption.

* * *

(5) For the purpose of collecting and remitting to the state the tax imposed by this Chapter, the dealer is hereby declared to be the agent of the state

La. Civil Code Article 472

Art. 472. Building materials

Materials gathered for the erection of a new building or other construction, even though deriving from the demolition of an old one, are movables until their incorporation into the new building or after construction.

Materials separated from a building or other construction for the purpose of repair, addition, or alteration to it, with the intention of putting them back, remain immovables.

Acts 1978, No. 728, § 1.

28 USCS § 1257. State courts; certiorari

(a) Final judgments or decrees rendered by the highest Court of a State in which a decision could be had, may be reviewed by the Supreme Court by writ of certiorari where the validity of a treaty or statute of any State is drawn in question on the ground of its being repugnant to the Constitution,

> treaties, or laws of the United States, or where any title, right, privilege, or immunity is specially set up or claimed under the Constitution or the treaties or statutes of, or any commission held or authority exercised under, the United States.

28 USCS § 1341. Taxes by States

> The district courts shall not enjoin, suspend or restrain the assessment, levy or collection of any tax under State law where a plain, speedy and efficient remedy may be had in the courts of such State.

STATEMENT OF THE CASE

Ventech Equipment, Inc. ("Petitioner") entered into a sales agreement (contract) with GHR Energy Corporation in November of 1982 to purchase a platform unit, which was part of a refinery located in Venice, Louisiana.

The part of the refinery sold was called the Number Two Platforming Debutanizer ("the Unit"). The unit was a large petroleum refinery structure located on the ground in Venice, Louisiana. The contract provided that the unit would be moved from Venice to Norco, Louisiana.

Ventech was assessed $96,000.00 based on the fact that the unit was movable which was factually determined by the lower courts, and that the taxes had actually been collected. The Department maintains that such structure is taxable because the unit is movable based on the facts. Nevertheless, both the sales agreement, and its

initial draft, provided for the inclusion of payment of sales tax in the purchase price.

The draft, although never signed by Petitioner provided for a purchase price of $3,200,000, plus applicable taxes as provided in Exhibit B, . . . " Exhibit B, an attachment to the draft, was a payment schedule whose total read:

> "3,360,000 Total, including
> $160,000 for Sales Tax".

The actual contract, pursuant to the "Price and Terms" provisions, provided for the total purchase price of $3,360,000, including sales taxes, as provided in Exhibit "B". Exhibit "B" to the actual contract, was a payment schedule which provided at the top:

> "Total Purchase Price = $3,360,000
> (including sales tax).

The courts of Louisiana properly recognized that the sales tax was included in the purchase price of $3,360,000. As agent of the State of Louisiana for the purpose of collecting and remitting the tax, Petitioner had a legal obligation once it collected tax to remit the tax to the State of Louisiana.

Finding no evidence of receipt by the State of Louisiana of the taxes which were collected by Petitioner and finding a taxable transaction, the trial court ordered Petitioner to pay the full sum, plus statutory interest and penalties.

On appeal, the First Circuit Court of Appeal for the State of Louisiana, finding no abuse of the decision of the lower court, affirmed the trial court's decision. Petitioner

then sought and was denied a *Writ of Certiorari* to the Louisiana Supreme Court.

The Louisiana Supreme Court's denial to grant Petitioner's Writ resulted in Petitioner petitioning for a Writ of Certiorari to this Honorable Court.

SUMMARY OF ARGUMENT

The questions presented by the Petitioner do not merit certiorari jurisdiction for the following reasons:

(1) Petitioner was afforded due process through the efficient remedies used in the courts of the State of Louisiana.

(2) The courts of the State of Louisiana determined that the tax statutes at issue were valid, therefore the highest court of the land should not exercise its discretionary jurisdiction to hear this case.

ARGUMENT

A. This Case Does Not Merit Review On Certiorari

A review or writ of certiorari is not a matter of right, but of judicial discretion. Absent "special and important" reasons, a petition for a writ of certiorari will not be denied.

This case does not involve a conflict among any of the Circuit Court of Appeals. It does not involve a departure by a federal court from the accepted and unusual

course of judicial proceedings. It does not involve an important question of federal constitutional law that has not been, but should be, decided by this Court.

This case does involve a question of taxability of a platform that was decided against Petitioner by the trial court and affirmed by the appellate court. (Writ of Certiorari was denied by the Louisiana Supreme Court.) It does involve complex state issues that the federal government has recognized as the independent nature of state governments. *Kistner v. Milliken,* (1977, ED Mich) 432 F. Supp. 1001. It does involve issues where there are adequate remedies in state court. *Brown Motor Freight Lines, Inc. v. O'Hara* (1939, DC Mich) 32 F.Supp. 173.

The Petitioner collected sales tax on a transaction that the trial court found to be taxable, yet Petitioner failed to remit the tax to the State of Louisiana. Pursuant to the statutes and jurisprudence of the State of Louisiana, Petitioner must remit that tax. (La. R.S. 47:306A.(5)). This case involves a straight forward application of Louisiana law. When taxes are collected in the name of the state, the person (dealer) collecting the tax is required to remit the tax. *Sabine Pipe & Supply Company v. McNamara,* 411 So.2d 1167, 1169 (La. App. 1st Cir.), Cert. denied, 414 So.2d 1254 (La. 1982).

It is apparent that Petitioner is attempting to use this Court's certiorari jurisdiction to achieve its version of individual justice by obtaining a review of the lower courts' decision against it. Petitioner's intent is evidenced by the fact that its application clearly restates the position it asserted at the lower court, with the addition of language calculated to characterize the case as worthy of

review on Certiorari, by using constitutional arguments not otherwise raised in the state courts. Petitioner's efforts, however, should fail, because "[T]his Court is not a forum for the correction of errors." *Boag v. MacDougall*, 454 U.S. 364, 368, 102 S.Ct. 700, 70 L.Ed.2d 551 (1981) (Rehnquist, J. dissenting). Petitioner has had its day in Court, and the questions it presents have already been resolved twice in Respondent's favor.

This Court should not grant Certiorari merely to afford the Petitioner another chance to prove its case.

B. The Decisions Below Were Correct

The evidence presented in the trial court clearly supported the trial court's determination that not only was the platform unit a movable in accordance with Louisiana Civil Code Article 472, et. seq., but also that the contract for its sale included an amount of sales tax which was collected by Petitioner. Louisiana Statutes Annotated Revised Statute 47:306A(5) requires that taxes collected by the seller must be remitted to the taxing authority. Therefore, once a seller collects a tax but fails to remit it, the taxing authority can compel it to remit the tax to Louisiana. *Sabine Pipe & Supply Company v. McNamara*, 411 So.2d 1167, 1169 (La. App. 1st Cir.), *cert. denied*, 414 So.2d 1254 (La. 1982).

The courts of the State of Louisiana correctly applied controlling state law in deciding Petitioner's state tax claim. Petitioner asserts that his substantive due process rights which are guaranteed by the United States and Louisiana Constitutions were violated. Respondent strongly avers that a state's application of its statutes and

jurisprudence to its taxation procedures can hardly constitute a denial of due process where there exists sufficient legal access to address the issue.

Furthermore, the federal challenge to the validity of the state statutes are precluded under the Tax Injunction Act (28 USCS § 1341) as Petitioner has not been deprived of a plain, speeding and efficient remedy by the courts of the State of Louisiana.

CONCLUSION

This case does not present genuine federal or constitutional issues important to warrant this Honorable Court's exercise of discretionary review on Writ of Certiorari. Moreover, the results reached by the courts of the State of Louisiana were correct.

The petition for Writ of Certiorari should therefore be denied.

Respectfully submitted,

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APPENDIX A

THE SUPREME COURT
OF THE STATE OF LOUISIANA

SHIRLEY McNAMARA, SECRETARY,
DEPARTMENT OF REVENUE AND
TAXATION, STATE OF LOUISIANA

VS. No. 93-C-0909

VENTECH EQUIPMENT, INC.

IN RE: Ventech Equipment Inc.; - Defendant(s); Applying for Writ of Certiorari and/or Review; to the Court of Appeal. First Circuit, Number CA91 1857; Parish of East Baton Rouge Nineteenth Judicial District Court Div. "F" Number 284,098

May 7, 1993

Denied.

PFC
JLD
JCW
HTL
PH
CDK

ORTIQUE, J., would grant the writ.

MARCUS, J., not on panel.

Supreme Court of Louisiana
May 7, 1993

/s/ Illegible
Clerk of Court
For the Court

APPENDIX B

STATE OF LOUISIANA

COURT OF APPEAL, FIRST CIRCUIT

Post Office Box 4408

Baton Rouge, Louisiana 70821-4408

Docket Number: 91/CA/1857

DATE: NOV 20 1992

SECRETARY OF DEPARTMENT OF
REVENUE & TAXATION

VERSUS

VENTECH EQUIPMENT, INC.

TO:

Rader Jackson
1010 Common St.,
Ste 1500
New Orleans, La 70112

Geneva Landrum
P.O. Box 4064
Baton Rouge, LA 70821

NOTICE OF JUDGMENT

You are hereby served with a copy of the opinion in the above entitled case.

Your attention is invited to Rule 2-18 (Rehearing) of the Uniform Rules of the Courts of Appeals, effective July 1, 1982.

I hereby certify that this opinion and notice of judgment were mailed to the trial judge, the clerk of the trial court, all appeal counsel of record, and all parties not represented by counsel this date.

/s/ Karen West
STANLEY P. LEMOINE, CLERK
COURT OF APPEAL, FIRST CIRCUIT

AMENDED

TIME DELAY FOR REHEARING, C.C.P. ART. 2166; C.Cr.P. ART. 922; Act No. 451, EFFECTIVE AUGUST 30, 1983.

FEE FOR REHEARING, R.S. 13:352, AS AMENDED, EFFECTIVE AUGUST 30, 1986.

SHIRLEY McNAMARA,
SECRETARY
DEPARTMENT OF
REVENUE AND
TAXATION, STATE
OF LOUISIANA

VERSUS

VENTECH EQUIPMENT,
INC.

STATE OF
LOUISIANA

COURT OF
APPEAL

FIRST CIRCUIT

CA 91 1857

ON APPEAL FROM THE NINETEENTH JUDICIAL DISTRICT COURT, IN AND FOR THE PARISH OF EAST BATON ROUGE, NO. 284,098, HONORABLE FRANK J. SAIA, JUDGE PRESIDING.

BEFORE: EDWARDS, SHORTESS AND WHIPPLE, JJ.

EDWARDS, J.

NOV 20 1992

The defendant, Ventech Equipment, Inc., appeals a judgment rendered against it, in the full sum of $96,000 plus statutory interest, penalties and attorneys fees, representing unremitted sales tax which the trial court found was owed by it to the plaintiff, Department of Revenue and Taxation. For the following reasons, we affirm the judgment of the trial court.

By way of contract, dated November 12, 1982, Ventech sold part of a petroleum refinery, a No. 2 Platforming Dubutanizer (hereinafter referred to as platforming unit), to GHR Energy Corporation. Subsequently, the Department of Revenue and Taxation performed a field audit examination and assessed a $96,000 sales tax on the sale, and filed a petition in district court to recover the tax. The trial court found that the assessment was valid, and rendered judgment against Ventech ordering it to pay the department the full sum of $96,000 plus statutory interest, penalties and attorneys fees. The trial court based its judgment on two findings of fact: that the unit sold was a "Movable" and thereby subject to the Louisiana sales tax laws, and also that the purchase price for the unit included an amount for sales tax which was collected by Ventech, thereby giving rise to its legal obligation to remit a tax to the State of Louisiana. Ventech assigns error to each of these findings of fact. We find that the second finding of fact made by the trial court was correct as well as dispositive of the issue at hand. Therefore, we pretermit discussion of the first assignment of error.

In *Sabine Pipe & Supply Company v. McNamara,* 411 So.2d 1167, 1169 (La. App. 1st Cir.,) *cert. denied,* 414 So.2d 1254 (La. 1982), we held that since LSA-R.S. 47:306 and 47:318 require that taxes collected from purchasers must

be remitted to the Secretary [Department of Revenue and Taxation], then once a seller collected a tax, the State can compel it to remit the tax to Louisiana. In Sabine, the seller admittedly withheld and collected amounts equivalent to Louisiana sales or use tax from its Louisiana customers, and was thereby ordered to remit such taxes to the state. In the instant case, Ventech denies that it collected a sales tax from its purchaser. However, we have reviewed the evidence and find that the trial court's finding that such tax was collected by Ventech is amply supported by the record and documents.

The pertinent evidence consists of two separate documents, each entitled "SALES AGREEMENT PLATFORMER UNIT." The first, accompanied by a transmittal letter dated October 1, 1982, is a proposed draft (hereinafter referred to as draft) of an offer outlining the terms and conditions of the sale, executed by the buyer, GHR. This agreement was never signed by Ventech. The second document, dated November 12, 1982, is the final contract (hereinafter referred to as contract) which perfected the sale of the unit. The purchase price for the unit in both of these documents is the same; however, the language pertaining to the purchase price is slightly varied.

The draft provided as follows:

> 1. *Price and Terms.* PURCHASER shall pay the sum of THREE MILLION TWO HUNDRED THOUSAND DOLLARS ($3,200,000), plus applicable taxes as provided in Exhibit "B", attached hereto and made a part hereof.

Exhibit "B" is a payment schedule, with a heading which reads: TOTAL PURCHASE PRICE IS $3,360,000. Following this heading is a list of eight payments made, totalling $900,000, the balance of the purchase price, listed at $2,360,000, followed by a paragraph of terms and conditions for payment of the balance, and the following: $3,360,000 Total, including $160,000 for Sales Tax.[1]

The contract provided as follows:

> 1. *Price and Terms.* The total purchase price, and payment therefore, of the GOODS shall be THREE MILLION THREE HUNDRED SIXTY THOUSANDS DOLLARS ($3,360,000), including sales taxes, as provided in Exhibit "B", attached hereto and made a part thereof.

Exhibit "B" is a payment schedule which provides at the top: Total Purchase Price – $3,360,000 (including sales tax). Following, is a list of payments made, payments owed and provisions regarding the mode of payment for the balance.

Both documents clearly reflect the inclusions of sales tax as part of the negotiated purchase price, yet Ventech contends that it neither charged nor received sales tax on the transaction. Mr. Bill Stanley, vice-president of Ventech, testified that the proposed draft was not accepted by Ventech because during the negotiations, Ventech

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[1] The scheduled payments were listed as lump sums and did not specify an allotment for sales tax. However, Mr. Winn, a field agent with the Department of Revenue, testified that typically, when a contract provides for progress payments, the sales tax is specified in the contract (as was done in this case), but not necessarily broken out of each scheduled payment.

reached an internal conclusion that the sale was not a taxable transaction. His explanation for why the contract still stated "including sales tax" was that it "was meant as a hold harmless against Goodhope bearing any tax." However, the total purchase price in both documents is, nevertheless, the same. When asked by the trial court why the purchase price was not reduced by the $160,000 which had been previously negotiated as sales tax, Mr. Stanley explained that the same price now covered additional work which had not been in the proposed draft.

In its reasons for judgment, the trial court remarked, "But the price coincidentally changed a hundred and sixty thousand, the amount of the two taxes that the parties had at least agreed on . . . [t]hat's just too much of a coincidence for me to ignore." Based on the evidence in this record, and the clear wording of the contract, we find no abuse of the trial court's discretion. Accordingly, we affirm the judgment of the trial court. Ventech is assessed all costs of this appeal.

AFFIRMED.

APPENDIX C

COURT OF APPEAL, FIRST CIRCUIT

STATE OF LOUISIANA

RE: Docket Number 91/CA/1857

SECRETARY OF DEPARTMENT
OF REVENUE & TAXATION

-VERSUS-

Parish of
East Baton Rouge

VENTECH EQUIPMENT, INC.

On application for Rehearing.

Rehearing DENIED

/s/ Wallace A. Edwards
WALLACE A. EDWARDS

/s/ Melvin A. Shortess
MELVIN A. SHORTESS

/s/ Vanessa Guidry-Whipple
VANESSA GUIDRY-WHIPPLE

Filed MAR 04 1993

/s/ Stanley P. Lemoine
STNALEY P. LEMOINE, Clerk